



Huw Merriman MP
Chair, Transport Committee
House of Commons
London
SW1A 0AA

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Dear Mr Merriman,

Transport Committee: session on rail strikes, 13 July 2022

I would like to thank the Committee for inviting me to give evidence at the non-inquiry session on rail strikes. We are making every effort to reach a fair and affordable resolution to current disputes, avert any further strike disruption and return our focus to the recovery of the railway following the pandemic.

I promised to write with further information on two points, and I would also like to update the Committee on developments since the session.

Revised pay offer submitted 12 July

As I informed the Committee, we set out a two-year pay offer on 12 July for general grades, including a guarantee of no compulsory redundancies for anyone covered by our modernisation plans. The modernisation of working practices, removing outdated and inefficient methods, is how we can make the savings necessary to fund the pay offer. It is also vital to the good, efficient running of the railway.

Our intention was that the pay offer, associated new benefits and the guarantees on job security would be put directly to the workforce, so that they could see for themselves what is on the table. However, within just 24 hours the RMT rejected the offer without putting it to our employees, and announced new strike dates for 27 July, 18 August and 20 August.

It has taken many weeks of negotiations to come up with this revised offer, and to ensure we could secure the productivity savings needed to make an offer in excess of the public sector guidance. The offer represents the best that can be achieved through our own budgets and through the efficiency savings we have currently identified. Any demand for pay rises in excess of this would inevitably require higher contributions from taxpayers who have already provided £16bn in additional support to the railway since the start of the pandemic. At a time when the railway has not been able to recover passenger revenues to pre-pandemic levels, it cannot be right either to demand passengers pay higher fares to support a higher pay offer.

We will continue to hold constructive negotiations ahead of the planned strike action and until we can reach a resolution, but there needs to be realism from trade union

representatives on what an affordable and achievable offer can be. We have always been keen to make a pay award, recognising the cost of living pressures all workers are facing, but there is not scope within current budgets or potential efficiency savings to afford an increase materially higher than the offer we have made.

The interests of the workforce, and of the travelling public and taxpayers, would be best served by agreeing a deal on this offer. It is vital that the focus remains on resolving this specific negotiation, any attempt to prolong the dispute as a platform for broader political campaigning would be a great disservice to the workforce and the railway.

Maintenance spending

You asked for confirmation of current maintenance spending; for the year 2021-22 it was £1.95bn; 2020/21: £1.9bn; 2019/20: £1.7bn.

In context, we believe making £100m savings in maintenance, less than 5 % of the budget, is achievable with the cooperation of the workforce. Contrary to claims made by the trade unions these modest decreases would mean no reduction in safety standards and would not lead to any increased use of contractors.

Changes to working practices

We are focused on reforming outdated, inefficient and inflexible working practices. We will never make any change that compromises safety, indeed we believe modernisation will put rail workers at a safer distance from the risks of the live railway.

By planning and deploying the right number of workers with the right skills according to the task in hand, we will need fewer employees in maintenance overall. Elsewhere in Network Rail, management and operations roles have been offered voluntary severance, attracting more than 5,000 applications, around 2,700 of which have been accepted. That's why we are confident that if a voluntary severance for maintenance employees, in tandem with retirement, redeployment and removing vacancies, we would be able to avoid all but minimal compulsory redundancies. However, to make a pay award and voluntary severance possible, we have to make progress on working practices.

Mr Newlands asked for more specific examples of the proposals we are making to modernise the way we work. Maintenance today is undertaken by a number of separate teams. One fixes track issues, another signalling, another the power supply, for example. Even if they are all based at the same depot, those teams will not travel with one another to a work site. They will not share simple tasks between teams, such as carrying a generator, that any one of those workers would be trained and competent to perform. No matter the size of the task, even if just a few workers could complete it, we have to send a fixed sized team to every job where some workers in the team are left without a task. Multiplied across every job, that inefficiency and needless inflexibility is expensive, limits the work that can be completed and exacerbates costly disruption to passengers for which we must compensate the train operators.

We want to send the right number of people with the right mix of skills to undertake any job. We value the different skills and specialisms of our workers, but in any modern working environment collaboration is key to both effective delivery and efficiency. Workers would be asked to complete any task for which they are trained and competent. Rather

than having fixed teams, we would be able to roster the right number of individuals and the right mix of skills, travelling and working together. For many industries that has been the tried and tested norm for the last half century, but railway maintenance has not moved on.

Our maintenance teams also need to work at evenings and weekends and the number of shifts is agreed as part of their contracts. Workers employed prior to 2014 are required in their contract to work fewer evenings and weekends. If a team of, say, five maintenance workers are assigned to a job, but one of them has a pre-2014 contract, the whole team is only able to work that lower number of shifts. We aren't able to get four of those workers to complete the shifts their contract allows for. By aligning all workers to a single shift pattern as well as rostering individuals rather than teams, we can make sure every worker is able to perform productive work in every shift.

The railway has always thrived on adopting new technology to increase the performance of services and ensuring assets are well monitored, maintained and repaired at safe speed to limit disruption. Yet in recent decades, as new technology has been introduced in consultation with trades unions, progress has been prohibitively slow. In aviation and the automotive industry, digital technology and automation is transforming accuracy and performance, making workers and users safer and realising significant efficiencies. Yet, railway maintenance is making minimal progress.

Technology can undertake tasks such as checking track condition at much greater speed and using sensors that do things people simply cannot. They also crucially mean that we can put workers at a safer distance from the live railway. With nine tragic worker fatalities since 2017, this is not a theoretical point. Even where new technology is proposed solely to enhance the safety of workers with no productivity benefit, such as introducing dashboard cameras or using GPS to improve early warning to trackside workers, progress has stalled.

By expanding the use of drones, sensors on train or track, and a growing range of remote and automated tools available to us, we can spot defects further in advance, making efficient repairs in good time rather than the high cost of failures which disrupt busy services. The tools are available to make the railway more efficient while improving the safety of workers, passengers and the public, and we need to be able to take advantage of them.

We want to see a highly skilled workforce that adapts to new technologies, enhancing the careers of each individual while improving the industry as a whole. Seeing technological improvement as a threat, to the point where we haven't even moved from paper to electronic timesheets, risks leaving the railway and its workers behind in today's economy.

The independent consultancy Nichols Group has undertaken a comparative study, looking at how Network Rail's working practices and adoption of new technology compares to 15 similar organisations across five different sectors. It concluded that Network Rail is behind comparable organisations on a majority of measures and that restrictive and inflexible working practices mean we are both less efficient and effective at maintaining the railway. The full report is available [here](#).

Put together, changing how we undertake maintenance work and embracing new technology will allow us to remove a large number of outdated and unnecessary tasks. Reducing those tasks is not about reducing much-needed inspections or downgrading the

standard of work, it's about removing unnecessary, duplicated tasks which do not improve the safety or performance of the network, but still disrupt services.

These proposals do not undermine conditions, they ensure that every shift is used productively, and every worker is focused on tasks they are trained and competent for to improve the railway and limit disruption. As well as supporting the pay award, these changes give greater job security and help put the railway onto a sustainable financial footing.

I hope this further information is useful to the Committee. As the dispute continues, we will be happy to provide further information as required.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tim Shoveller', with a stylized flourish at the end.

Tim Shoveller
Managing Director, North West & Central